

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6773

BILL NUMBER: HB 1395

DATE PREPARED: May 1, 2001

BILL AMENDED: Apr 29, 2001

SUBJECT: Government Purchasing.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) This bill provides that if an offeror offers to furnish supplies made in a country other than the United States, a governmental body may not award a contract to the offeror for those supplies if the supplies were made using forced labor.

The bill provides that a solicitation by a state or local governmental entity for the purchase of supplies must require that if any steel products are used in the manufacture of the supplies, the steel products must be manufactured in the United States. The bill provides that a solicitation by a state or local governmental entity for the purchase of services must require that if any steel products are used in the manufacture of the supplies used in the performance of the contract, those steel products must be manufactured in the United States. The bill waives the requirements for certain small purchases and establishes other circumstances under which the requirements may be waived. It also provides that an Indiana taxpayer has standing to challenge a determination to waive the requirement or to enforce a contract for steel products that contains the requirement. The bill makes a conforming amendment.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) *Forced Labor:* This bill prohibits governmental bodies from contracting with parties for supplies made outside the U.S. if the supplies are made using forced labor. The federal government defines forced labor as all work or service which is exacted from any person under the menace of penalty and for which the person has not volunteered. Although governmental bodies are not knowingly contracting with such parties, they do not currently check to determine how supplies are produced. The U.S. Department of State reports that there are a number of countries which use forced labor; this list of countries is not static and is updated on an annual basis.

The fiscal impact of this bill is indeterminable because it is not known to what extent governmental bodies contract with parties whose supplies are made by forced labor.

Steel Products: The bill provides that a solicitation by a governmental body for the purchase of services must require that if any steel products are used in the manufacture of the supplies used in the performance of the contract, those steel products must be manufactured domestically. The impact of the provision is indeterminable and will depend on the number of steel-containing projects that are contracted and the price differential, if any, between domestic- and foreign-produced steel. The bill gives the head of a purchasing agency the discretion to waive the purchasing requirement if the cost of a contract with domestically produced steel is more than 15% of the cost of fulfilling the contract using steel produced elsewhere. The bill also excludes purchases under \$10,000 and purchases made under certain small purchase policies.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Purchasing decisions of local entities will also be affected by this proposal.

Explanation of Local Revenues:

State Agencies Affected: Department of Administration.

Local Agencies Affected: Local entities which contract for supplies.

Information Sources: Jay McQueen, Department of Administration, (317) 232-7636; *Country Reports on Human Rights Practices for 1999*, Bureau of Democracy, Human Rights, and Labor-U.S. Department of State, February 25, 2000; U.S. Customs Service.